

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

(A component unit of the
County of San Diego, California)

Statement of Claims and Fiscal Reports
with Independent Auditor's Report

June 30, 2010

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

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INDEPENDENT AUDITOR'S REPORT

Health and Human Services Agency
County of San Diego
San Diego, California

We have audited the accompanying Statements of Claims and Fiscal Reports of the County of San Diego Health and Human Services Agency (County) for the California State Department of Education Child Development Programs (Project Nos. 37-2337-00-9 and 37-2001-00-9, and Contract Nos. CAPP-9054, C2AP-9050, C3AP-9048, CLPC-9035, and CRET-9034) for the fiscal year ended June 30, 2010. The Statements of Claims and Fiscal Reports are the responsibility of the County's management. Our responsibility is to express an opinion on the Statement of Claims and Fiscal Reports based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the California Department of Education Audit Guide issued by the California Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statements of Claims and Fiscal Reports are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statements of Claims and Fiscal Reports. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statements of Claims and Fiscal Reports present fairly, in all material respects, the program expenditures, program funds received, and fiscal year reimbursements for the fiscal year ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying schedule of expenditures of federal and state awards, combining schedule of activities, combining schedule of expenditures by state categories, and combining schedule of administrative costs are presented for purposes of additional analysis and are not required parts of the Statements of Claims and Fiscal Reports. Such additional information has been subjected to the auditing procedures applied in the audit of Statements of Claims and Fiscal Reports and in conformity with the CDE Audit Guide issued by the California Department of Education. In our opinion, the accompanying schedule of expenditures of federal and state awards, combining schedule of activities, combining schedule of expenditures by state categories, and combining schedule of administrative costs are fairly presented in all material respects in relation to the Statements of Claims and Fiscal Reports taken as a whole.

This report is intended solely for the information and use of the County of San Diego and for filing with the California State Department of Education in connection with the contracts to which it refers, and should not be used for any other purposes.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
October 29, 2010

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Alternative Payment Program - Child Care Development Fund

Project No.: 37-2337-00-9

Contract No.: CAPP-9054

Statement of Claims

Fiscal Year 2009-2010

Program Expenditures:

Direct service expenditures	\$ 1,583,105	
Administrative and support services costs	<u>329,543</u>	
Total Expenditures		\$ 1,912,648

Program Funds Received:

State of California	1,954,901	
Parent fees	100,486	
Funds used to satisfy MOE requirement	52,666	
Other: Interest earned on State advances	<u>11,281</u>	
Total Funds Received		<u>2,119,334</u>
Program Funds Due to the County (Due to the State)		<u><u>\$ (206,686)</u></u>

The accompanying notes are an integral part of these financial statements

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Alternative Payment Program - Child Care Development Fund
Project No.: 37-2337-00-9
Contract No.: C2AP-9050

Statement of Claims
Fiscal Year 2009-2010

Program Expenditures:

Direct service expenditures	\$ 2,640,693	
Administrative and support services costs	<u>655,067</u>	
Total Expenditures		\$ 3,295,760

Program Funds Received:

State of California	3,185,374	
Parent fees	71,882	
Other: Interest earned on State advances	<u>5,590</u>	
Total Funds Received		<u>3,262,846</u>
Program Funds Due to the County (Due to the State)		<u><u>\$ 32,914</u></u>

The accompanying notes are an integral part of these financial statements

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Alternative Payment Program - Child Care Development Fund
Project No.: 37-2337-00-9
Contract No.: C3AP-9048

Statement of Claims
Fiscal Year 2009-2010

Program Expenditures:

Direct service expenditures	\$ 1,528,466	
Administrative and support services costs	<u>264,983</u>	
Total Expenditures		\$ 1,793,449

Program Funds Received:

State of California	1,675,436	
Parent fees	113,503	
Other: Interest earned on State advances	<u>5,242</u>	
Total Funds Received		<u>1,794,181</u>
Program Funds Due to the County (Due to the State)		<u><u>\$ (732)</u></u>

The accompanying notes are an integral part of these financial statements

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Alternative Payment Program - Child Care Development Fund
Project No.: 37-2001-00-9
Contract No.: CLPC-9035

Statement of Claims
Fiscal Year 2009-2010

Program Expenditures:

Administrative and support services costs	<u>\$ 179,798</u>	
Total Expenditures		\$ 179,798

Program Funds Received:

State of California	145,189	
Funds used to satisfy MOE requirement	21,750	
Other: Interest earned on State advances	<u>3,742</u>	
Total Funds Received		<u>170,681</u>
Program Funds Due to the County (Due to the State)		<u><u>\$ 9,117</u></u>

The accompanying notes are an integral part of these financial statements

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Alternative Payment Program - Child Care Development Fund
Project No.: 37-2001-00-9
Contract No.: CRET-9034

Statement of Claims
Fiscal Year 2009-2010

Program Expenditures:

Administrative and support services costs	<u>\$ 952,405</u>	
Total Expenditures		\$ 952,405

Program Funds Received:

State of California	950,892	
Other: Interest earned on State advances	<u>846</u>	
Total Funds Received		<u>951,738</u>
Program Funds Due to the County (Due to the State)		<u><u>\$ 667</u></u>

The accompanying notes are an integral part of these financial statements

AUDITED FISCAL REPORT
for Alternative Payment or Family Child Care Home Programs

Agency Name: County of San Diego Health and Human Services Agency Vendor No. 2337
 Fiscal Year End: June 30, 2010 Contract No. CAPP-9054
 Independent Auditor's Name: Moss, Levy & Hartzheim, LLP

	Column A	Column B	Column C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500-AP	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION I - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$ -	\$ -	\$ -
County Maintenance of Effort (EC 8279)	52,666		52,666
Uncashed Checks to Providers			
Other (Specify):			
SUBTOTAL	52,666		52,666
TRANSFER FROM RESERVE (Alternative Payment Only)			
FAMILY FEES FOR CERTIFIED CHILDREN	100,486		100,486
INTEREST ON APPORTIONMENT PAYMENTS	11,281		11,281
UNRESTRICTED INCOME			
Other (Specify):			
TOTAL REVENUE	\$ 164,433	\$ -	\$ 164,433
SECTION II - REIMBURSABLE EXPENSES			
Direct Payments to Providers	\$ 1,583,105	\$ -	\$ 1,583,105
1000 Certificated Salaries			
2000 Classified Salaries	172,962		172,962
3000 Employee Benefits	105,299		105,299
4000 Books and Supplies	2,854		2,854
5000 Services and Other Operating Expenses	26,167		26,167
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Replacement Equipment (program-related)			
Depreciation or Use Allowance			
Start-Up Expenses (service level exemption)			
Indirect Costs Rate Percentage: 8.00%	22,261		22,261
FOR CDE-A&I USE ONLY:			
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ 1,912,648	\$ -	\$ 1,912,648
TOTAL ADMINISTRATIVE COST (included in Section II above)	\$ 57,326	\$ -	\$ 57,326
DAYS OF OPERATION	126		126

COMMENTS - If necessary, attach additional sheet(s) to explain adjustments:

☒ NO SUPPLEMENTAL REVENUES OR EXPENSES-check this box and omit next page if there are no supplemental revenues or expenses to report.

The accompanying notes are an integral part of these financial statements

AUDITED FISCAL REPORT
for Alternative Payment or Family Child Care Home Programs

Agency Name: County of San Diego Health and Human Services Agency Vendor No 2337
 Fiscal Year End: June 30, 2010 Contract No C2AP-9050
 Independent Auditor's Name: Moss, Levy & Hartzheim, LLP

	Column A	Column B	Column C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500-AP	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION I - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$ -	\$ -	\$ -
County Maintenance of Effort (EC 8279)			
Uncashed Checks to Providers			
Other (Specify):			
SUBTOTAL			
TRANSFER FROM RESERVE (Alternative Payment Only)			
FAMILY FEES FOR CERTIFIED CHILDREN	71,882		71,882
INTEREST ON APPORTIONMENT PAYMENTS	5,590		5,590
UNRESTRICTED INCOME			
Other (Specify):			
TOTAL REVENUE	\$ 77,472	\$ -	\$ 77,472
SECTION II - REIMBURSABLE EXPENSES			
Direct Payments to Providers	\$ 2,640,693	\$ -	\$ 2,640,693
1000 Certificated Salaries			
2000 Classified Salaries	344,445		344,445
3000 Employee Benefits	208,674		208,674
4000 Books and Supplies	5,526		5,526
5000 Services and Other Operating Expenses	52,175		52,175
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Replacement Equipment (program-related)			
Depreciation or Use Allowance			
Start-Up Expenses (service level exemption)			
Indirect Cost Rate Percentage: 8.00%	44,247		44,247
FOR CDE-A&I USE ONLY:			
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ 3,295,760	\$ -	\$ 3,295,760
TOTAL ADMINISTRATIVE COST (included in Section II above)	\$ 113,729		\$ 113,729
DAYS OF OPERATION	126		126

COMMENTS - If necessary, attach additional sheet(s) to explain adjustments:

☒ NO SUPPLEMENTAL REVENUES OR EXPENSES-check this box and omit next page if there are no supplemental revenues or expenses to report.

The accompanying notes are an integral part of these financial statements

AUDITED FISCAL REPORT
for Alternative Payment or Family Child Care Home Programs

Agency Name: County of San Diego Health and Human Services Agency Vendor No. 2337

Fiscal Year End: June 30, 2010 Contract No. C3AP-9048

Independent Auditor's Name: Moss, Levy & Hartzheim, LLP

	Column A	Column B	Column C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500-AP	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION I - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$ -	\$ -	\$ -
County Maintenance of Effort (EC 8279)			
Uncashed Checks to Providers			
Other (Specify):			
SUBTOTAL			
TRANSFER FROM RESERVE (Alternative Payment Only)			
FAMILY FEES FOR CERTIFIED CHILDREN	113,503		113,503
INTEREST ON APPORTIONMENT PAYMENTS	5,242		5,242
UNRESTRICTED INCOME			
Other (Specify):			
TOTAL REVENUE	\$ 118,745	\$ -	\$ 118,745
SECTION II - REIMBURSABLE EXPENSES			
Direct Payments to Providers	\$ 1,528,466	\$ -	\$ 1,528,466
1000 Certificated Salaries			
2000 Classified Salaries	138,920		138,920
3000 Employee Benefits	84,085		84,085
4000 Books and Supplies	2,262		2,262
5000 Services and Other Operating Expenses	21,877		21,877
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Replacement Equipment (program-related)			
Depreciation or Use Allowance			
Start-Up Expenses (service level exemption)			
Indirect Cost Rate Percentage: 8.00%	17,839		17,839
FOR CDE-A&I USE ONLY:			
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ 1,793,449	\$ -	\$ 1,793,449
TOTAL ADMINISTRATIVE COST (included in Section II above)	\$ 46,379		\$ 46,379
DAYS OF OPERATION	126		126

COMMENTS - If necessary, attach additional sheet(s) to explain adjustments:

☒ NO SUPPLEMENTAL REVENUES OR EXPENSES-check this box and omit next page if there are no supplemental revenues or expenses to report.

The accompanying notes are an integral part of these financial statements

**AUDITED FISCAL REPORT
for Child Development Support Contracts**

Agency Name: County of San Diego Health and Human Services Agency Vendor No. 2001

Fiscal Year End: June 30, 2010 Contract No. CLPC-9035

Independent Auditor's Name: Moss, Levy & Hartzheim, LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	LAST YEAR'S AUD 9529	CUMULATIVE FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Match Requirement	\$ -	\$ -	\$ -	\$ -
County Maintenance of Effort (EC 8279)		21,750		21,750
Other (specify):				
Subtotal		21,750		21,750
INTEREST ON APPORTIONMENT PAYMENTS		3,742		3,742
UNRESTRICTED INCOME				
Other (specify):				
TOTAL REVENUE		\$ 25,492	\$ -	\$ 25,492

SECTION II - REIMBURSABLE EXPENSES

1000 Certificated Salaries	\$ -	\$ -	\$ -	\$ -
2000 Classified Salaries		17,953		17,953
3000 Employee Benefits		9,957		9,957
4000 Books and Supplies				
5000 Services and Other Operating Expenses		151,888		151,888
6100/6200 Other Approved Capital Outlay				
6400 New Equipment (program-related)				
6500 Replacement Equipment (program-related)				
Depreciation or Use Allowance				
Indirect Cost Rate Percentage:				
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ -	\$ 179,798	\$ -	\$ 179,798
TOTAL ADMINISTRATIVE COST (included in section II above)	\$ -	\$ 4,445	\$ -	\$ 4,445

COMMENTS - If necessary, attach additional sheet(s) to explain adjustments:

☒ NO SUPPLEMENTAL REVENUES OR EXPENSES-check this box and omit next page if there are no supplemental revenues or expenses to report.

The accompanying notes are an integral part of these financial statements

**AUDITED FISCAL REPORT
for Child Development Support Contracts**

Agency Name: County of San Diego Health and Human Services Agency Vendor No 2001

Fiscal Year End: June 30, 2010 Contract No. CRET-9034

Independent Auditor's Name: Moss, Levy & Hartzheim, LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
SECTION I - REVENUE	LAST YEAR'S AUD 9529	CUMULATIVE FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
Match Requirement	\$ -	\$ -	\$ -	\$ -
County Maintenance of Effort (EC 8279)				
Other (Specify):				
Subtotal				
INTEREST ON APPORTIONMENT PAYMENTS		846		846
UNRESTRICTED INCOME				
Other (Specify):				
TOTAL REVENUE		\$ 846	\$ -	\$ 846

SECTION II - REIMBURSABLE EXPENSES

REIMBURSABLE				
1000 Certificated Salaries	\$ -	\$ -	\$ -	\$ -
2000 Classified Salaries		17,954		17,954
3000 Employee Benefits		9,956		9,956
4000 Books and Supplies				
5000 Services and Other Operating Expenses		924,495		924,495
6100/6200 Other Approved Capital Outlay				
6400 New Equipment (<i>program-related</i>)				
6500 Replacement Equipment (<i>program-related</i>)				
Depreciation or Use Allowance				
Indirect Cost Rate Percentage:				
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ -	\$ 952,405	\$ -	\$ 952,405
TOTAL ADMINISTRATIVE COST (included in section II above)	\$ -	\$ 5,748	\$ -	\$ 5,748

COMMENTS - If necessary, attach additional sheet(s) to explain adjustments:

☒ NO SUPPLEMENTAL REVENUES OR EXPENSES-check this box and omit next page if there are no supplemental revenues or expenses to report.

The accompanying notes are an integral part of these financial statements

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Notes to Financial Statements
June 30, 2010

Note 1 Summary of Significant Accounting Policies

A. Reporting Entity

The County of San Diego is a political subdivision of the State of California (State) and is governed by an elected Board of Supervisors. As such, it can exercise the powers specified by the Constitution and Statutes of the State. The Health and Human Services Agency is a department within the County of San Diego and operates the California State Department of Education Child Development Programs within the County.

The accompanying financial statement presentations relate to the County of San Diego Health and Human Services Agency operations and include only selected data that is required to be reported to the California State Department of Education, pursuant to Contract Nos. CAPP-9054, C2AP-9050, C3AP-9048, CLPC-9035, and CRET-9034. In accordance with criteria adopted by the Governmental Accounting Standards Board (GASB), the entire operation of the County of San Diego Health and Human Services Agency is included in the County of San Diego's Comprehensive Annual Financial Report.

B. General Program Information

The County of San Diego Health and Human Services Agency administered the following California State Department of Education Child Development Programs during the fiscal year ended June 30, 2010: County California Work Opportunity and Responsibility to Kids (CalWorks) Stage 2, Child Care and Development Block Grant (CCDBG), CalWorks Stage 3, Local Child Care Planning Council, and Child Care Staff Retention Program.

The County CalWorks Stage 2 and Stage 3 programs fund the childcare costs of low income families with parents who are CalWorks recipients or former recipients and who are either employed, seeking employment, receiving employment-related training, or incapacitated. Children who have reached their thirteenth birthday are ineligible for subsidized services except that children with exceptional needs and severely disabled children may be served to age twenty-one.

The CCDBG Program funds the childcare costs of children from low income families who are receiving protection services through the local county welfare department or who are identified by a legal, medical, social service, or emergency shelter as suffering from or at risk of abuse, neglect, or exploitation. Children who have reached their thirteenth birthday are ineligible for subsidized services except that children with exceptional needs and severely disabled children may be served to age twenty-one.

The State General Fund program funds the childcare costs of families who are recipients of public assistance, or are homeless or low income, and children who

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Notes to Financial Statements
June 30, 2010

Note 1 Summary of Significant Accounting Policies (Continued)

B. General Program Information (Continued)

are receiving protection services through the local county welfare department or who are identified by a legal, medical, social service agency, or emergency shelter as suffering from or at risk of abuse, neglect, or exploitation. The parents of families receiving this aid have to be either employed, seeking employment, participating in employment related training, homeless and seeking permanent housing, or incapacitated.

The Local Child Care Planning Council was established to develop a comprehensive long range plan for a broad spectrum of childcare and development services. Items that may be addressed by the council include the expansion of care for all children with childcare and development needs within the County and the development of strategies and mechanisms for upgrading the quality of care.

The Child Care Staff Retention Program (CRET-9034) was established to retain qualified child care employees, who work directly with children who receive subsidized care, in State subsidized, center-based programs.

C. Basis of Presentation

The Statements of Claims and Fiscal Reports, Schedule of Activities, Schedule of Expenditures by State Categories, and Schedule of Reimbursable Administrative Costs were prepared from the accounts and transactions of the County. The statements summarize revenues, expenditures, and matching funds recorded by the County for the fiscal year ended June 30, 2010 and follow the formats prescribed by the California State Department of Education.

D. Method of Accounting

Prior to July 1, 2000, the County used the modified accrual basis of accounting for the Statements of Claims and Fiscal Reports, Schedule of Activities, Schedule of Expenditures by State Categories, and Schedule of Administrative Costs. The Program began to utilize the accrual basis of accounting in fiscal year ended June 30, 2001. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Note 2 Direct Service Expenditures

Direct service expenditures represent direct payments to eligible families or childcare providers plus other direct service costs classified in the Audit Guide. Direct service expenditures also include costs offset by parent fees paid directly to providers. Service providers' costs financed by direct payments from parents are not included in expenditures reported monthly or quarterly to the State. See Note 7 for a summary of parent fee amounts.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Notes to Financial Statements
June 30, 2010

Note 3 Administrative Expenditures and Support Costs

Costs related to the administration of the child development programs, other than direct service expenditures, are reported as administrative expenditures on the Statement of Claims. The administrative expenditures consist of administrative and support services costs. For the fiscal year ended June 30, 2010, such costs consisted of the following:

	<u>Administrative</u>	<u>Support</u>	<u>Total</u>
CAPP-9054			
Salaries and benefits	\$ 32,691	\$ 245,570	\$ 278,261
Indirect costs	22,261		22,261
Books and supplies		2,854	2,854
Services and other operating expenses		23,793	23,793
Audit fee	2,374		2,374
	<u>\$ 57,326</u>	<u>\$ 272,217</u>	<u>\$ 329,543</u>
C2AP-9050			
Salaries and benefits	\$ 65,073	\$ 488,046	\$ 553,119
Indirect costs	44,247		44,247
Books and supplies		5,526	5,526
Services and other operating expenses		47,766	47,766
Audit fee	4,409		4,409
	<u>\$ 113,729</u>	<u>\$ 541,338</u>	<u>\$ 655,067</u>
C3AP-9048			
Salaries and benefits	\$ 26,244	\$ 196,761	\$ 223,005
Indirect costs	17,839		17,839
Books and supplies		2,262	2,262
Services and other operating expenses		19,581	19,581
Audit fee	2,296		2,296
	<u>\$ 46,379</u>	<u>\$ 218,604</u>	<u>\$ 264,983</u>
CLPC-9035			
Salaries and benefits	\$ 4,186	\$ 23,724	\$ 27,910
Services and other operating expenses		151,629	151,629
Audit fee	259		259
	<u>\$ 4,445</u>	<u>\$ 175,353</u>	<u>\$ 179,798</u>

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Notes to Financial Statements

June 30, 2010

Note 3 Administrative Expenditures and Support Costs (Continued)

	<u>Administrative</u>	<u>Support</u>	<u>Total</u>
CRET-9034			
Salaries and benefits	\$ 4,186	\$ 23,724	\$ 27,910
Services and other operating expenses		922,933	922,933
Audit fee	1,562		1,562
Total	<u>\$ 5,748</u>	<u>\$ 946,657</u>	<u>\$ 952,405</u>

Note 4 Maintenance of Effort (MOE) Requirement

California State Department of Education regulations require counties to maintain a funding level of effort for the Child Development Programs commensurate with Fiscal Year 1970/1971 levels.

The County satisfied its Maintenance of Effort (MOE) requirement of \$52,666 (which is 50% of the annual MOE of \$105,332; please see note 10 regarding contract period of service). The amount retained by the County's Child Development Programs was \$0. The amount spent on administrative and support costs was \$329,543. There were also expenditures of \$1,583,105 spent on direct service expenditures.

For the State General Fund CDP Program, administration and support services costs totaled \$329,543 and direct service expenditures totaled \$1,583,105, which were more than 100% of the required MOE. Actual administration and support services costs of \$276,877 and direct service expenditures of \$1,583,105 reported on line 10b of the Audited Final Reimbursement for the State General Fund CAP Program, Contract No. CAPP-9054, Project Number 37-2337-00-9, does not reflect the \$52,666 in administration and support costs due to exclusion by operation of formula at line 4 for the project and contract.

The County also satisfied its Maintenance of Effort (MOE) requirement of \$21,750 for contract number CLPC-9035. The amount retained by the County's Child Development Programs was \$0. The amount spent on administrative and support costs was \$179,798 which is more than 100% of the required MOE.

Note 5 Interest Earned on State Advances

Interest was calculated, based on County cash investment yields applied to amounts advanced from the State that were outstanding during the period. Amounts earned by the County were retained and reported in accordance with the Contract Funding Terms and Conditions, which are recorded in the County's General Fund. Interest earned must be used for Child Development Program expenditures.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Notes to Financial Statements
June 30, 2010

Note 6 Fiscal Year Reimbursable Earnings

Fiscal year reimbursable earnings are the lesser of the contract amount or total expenditures incurred during the fiscal year in the provision of child care and development services for subsidized children, reduced by disallowed costs and restricted income.

Note 7 Family Fees

Fees totaling \$285,871 were paid by families directly to providers as follows:

CAPP-9054	\$ 100,486
C2AP-9050	71,882
C3AP-9048	<u>113,503</u>
Total	<u><u>\$ 285,871</u></u>

Note 8 Amount Due to/(from) the State

The amount of program funds due to the State:

CAPP-9054	\$ 206,686
C2AP-9050	(32,914)
C3AP-9048	732
CLPC-9035	-
CRET-9034	<u>(667)</u>
Total	<u><u>\$ 173,837</u></u>

There is no due to/(from) the State for CLPC-9035 because the County received the maximum contract amount for the fiscal year 2009/2010 and the County had expenses greater than the contract amount.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Notes to Financial Statements
June 30, 2010

Note 9 Contingency

The County has received federal and other governmental funds for specific purposes that are subject to review and audit by the funding agencies. Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. No material amounts are currently payable. Loss of governmental support would have a significant impact on the County's ability to provide its program services.

An IRS notice of proposed penalties may be issued for 1099 information forms issued for the 2009 and 2010 tax years. These notices have been received annually for past tax years. These proposed penalties occur in cases where the County's filed information returns have Tax Payer Identification Numbers that do not match IRS records. The County has contested these penalties and penalties have been waived for some recent years. The range of proposed penalties has been small, below \$7,000 in recent years. There has been no IRS notification yet for the tax year 2009 filings.

Note 10 Contract Termination

On October 13, 2009, the San Diego County Board of Supervisors approved the Chief Administrative Officer's recommendation to terminate the Child Development Programs (CAPP, C2AP, and C3AP) with an effective date of January 4, 2010.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2010

Grantor	Federal CFDA Number	Grantor's Number	Award Amount		Expenditures	
			Federal	State	Federal	State
U.S. Department of Health and Human Services:						
Pass through California Department of Education:						
Child Care and Development Fund (CCDF):						
CCDF Alternative Payment	93.575/93.596	CAPP-9054	\$ 1,187,100	\$ 774,245	\$ 1,187,100	\$ 679,233
CCDF CalWORKS Stage 2 Alternative Payment	93.575/93.596	C2AP-9050	188,000	3,171,919	13,861	3,171,919
CCDF CalWORKS Stage 3 Alternative Payment	93.575/93.596	C3AP-9048	1,468,711	545,460	813,971	545,460
CCDF Local Child Care and Development Planning Council	93.575/93.596	CLPC-9035	125,812	19,377	125,812	19,377
CCDF Salary/Retention Incentive Program	93.575/93.596	CRET-9034	964,784		952,405	
Total Federal and State			\$ 3,934,407	\$ 4,511,001	\$ 3,093,149	\$ 4,415,989

Notes: Maintenance of Effort funds of \$21,750 were received from the County of San Diego and expended on the Local Planning Council Program in accordance with the County and Child Development Division.

Maintenance of Effort funds of \$52,666 were received from the County of San Diego and expended on the Alternative Payment Program in accordance with County and Child Development Division.

Some amounts presented in this schedule may differ from amounts presented in the Statement of Claims, Audited Fiscal Reports, and combining schedules as this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Combining Schedule of Activities
Fiscal Year 2009-2010

	<u>CAPP-9054</u>	<u>C2AP-9050</u>	<u>C3AP-9048</u>
<u>Revenue and Support</u>			
Government contracts:			
Child care programs	\$ 1,954,901	\$ 3,185,374	\$ 1,675,436
Subtotal government contracts	<u>1,954,901</u>	<u>\$ 3,185,374</u>	<u>\$ 1,675,436</u>
Maintenance of effort	52,666		
Family fees - certified	100,486	71,882	113,503
Interest earned on State advances	<u>11,281</u>	<u>5,590</u>	<u>5,242</u>
Total Revenues	<u>164,433</u>	<u>77,472</u>	<u>118,745</u>
 Total Revenues and Support	<u>2,119,334</u>	<u>3,262,846</u>	<u>1,794,181</u>
<u>Expenses</u>			
Classified Salaries:			
Office personnel	172,962	344,445	138,920
Employee benefits	105,299	208,674	84,085
Books and supplies	2,854	5,526	2,262
Provider payments	1,583,105	2,640,693	1,528,466
Legal, audit, and accounting	2,374	4,409	2,296
Other operating expenses	23,793	47,766	19,581
Indirect costs	<u>22,261</u>	<u>44,247</u>	<u>17,839</u>
Total Expenses	<u>1,912,648</u>	<u>3,295,760</u>	<u>1,793,449</u>
Excess (deficiency) of support, revenues, and expenses	<u>\$ 206,686</u>	<u>\$ (32,914)</u>	<u>\$ 732</u>

<u>CLPC-9035</u>	<u>CRET-9034</u>	<u>Totals</u>
<u>\$ 145,189</u>	<u>\$ 950,892</u>	<u>\$ 7,911,792</u>
<u>145,189</u>	<u>\$ 950,892</u>	<u>7,911,792</u>
21,750		74,416
		285,871
<u>3,742</u>	<u>846</u>	<u>26,701</u>
<u>25,492</u>	<u>846</u>	<u>386,988</u>
<u>170,681</u>	<u>951,738</u>	<u>8,298,780</u>
17,953	17,954	692,234
9,957	9,956	417,971
		10,642
		5,752,264
259	1,562	10,900
151,629	922,933	1,165,702
		<u>84,347</u>
<u>179,798</u>	<u>952,405</u>	<u>8,134,060</u>
<u>\$ (9,117)</u>	<u>\$ (667)</u>	<u>\$ 164,720</u>

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Combining Schedule of Expenditures by State Categories
For the Fiscal Year Ended June 30, 2010

Expenditures		CAPP-9054	C2AP-9050	C3AP-9048	CLPC-9035
	Direct payments to providers	\$ 1,583,105	\$ 2,640,693	\$ 1,528,466	\$ -
1000	Certificated salaries				
2000	Classified salaries	172,962	344,445	138,920	17,953
3000	Employee benefits	105,299	208,674	84,085	9,957
4000	Books and supplies	2,854	5,526	2,262	
5000	Services and other operating expenses	26,167	52,175	21,877	151,888
	Indirect costs	22,261	44,247	17,839	
	Total expenditures	<u>\$ 1,912,648</u>	<u>\$ 3,295,760</u>	<u>\$ 1,793,449</u>	<u>\$ 179,798</u>

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

CRET-9034	Total CDE CD Contracts
\$ -	\$ 5,752,264
17,954	692,234
9,956	417,971
	10,642
924,495	1,176,602
	84,347
<u>\$ 952,405</u>	<u>\$ 8,134,060</u>

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Combining Schedule of Reimbursable Administrative Costs
Fiscal Year 2009-2010

	<u>CAPP-9054</u>	<u>C2AP-9050</u>	<u>C3AP-9048</u>
Reimbursable Administrative Costs:			
Administrative salaries	\$ 20,654	\$ 41,161	\$ 16,593
Employee benefits	12,037	23,912	9,651
Audit and legal	2,374	4,409	2,296
Indirect costs	<u>22,261</u>	<u>44,247</u>	<u>17,839</u>
 Total Administrative Costs	 <u>\$ 57,326</u>	 <u>\$ 113,729</u>	 <u>\$ 46,379</u>

CLPC-9035	CRET-9034	Totals
\$ 2,693	\$ 2,693	\$ 83,794
1,493	1,493	48,586
259	1,562	10,900
		84,347
<u>\$ 4,445</u>	<u>\$ 5,748</u>	<u>\$ 227,627</u>



MOSS, LEVY & HARTZHEIM LLP

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Health and Human Services Agency
County of San Diego
San Diego, California

We have audited the accompanying Statements of Claims and Fiscal Reports of the County of San Diego Health and Human Services Agency (County) for the California State Department of Education Child Development Program (Project Nos. 37-2337-00-9 and 37-2001-00-9, and Contract Nos. CAPP-9054, C2AP-9050, C3AP-9048, CLPC-9035, and CRET-9034) as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weaknesses is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's Statement of Claims and Fiscal Reports will not be prevented, or detected and corrected on a timely basis.

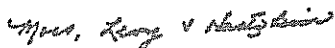
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (2010-1 to 2010-3). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance

As part of obtaining reasonable assurance about whether the County's Statements of Claims and Fiscal Reports are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2010-4.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County, management, and the California State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.


Moss, Levy & Hartzheim, LLP
Beverly Hills, California
October 29, 2010

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 1 – Summary of Audit Results

Financial Statements

1. The Independent Auditor's Report on the Statements of Claims and Fiscal Reports of the County of San Diego Health and Human Services Agency (County) for the California State Department of Education Child Development Program (Project Nos. 37-2337-00-9 and 37-2001-00-9, and Contract Nos. CAPP-9054, C2AP-9050, C3AP-9048, CLPC-9035, and CRET-9034) expressed an unqualified opinion.
2. Internal control over financial reporting:
 - a. No material weaknesses identified
 - b. Significant deficiencies identified-See Findings 2010-1 to 2010-3
3. Compliance:
 - a. Reportable instance of noncompliance identified-See Finding 2010-4

Section 2 – Financial Statement Findings

2010-1 Finding – Forms were not completed properly and/or timely or sufficient documentation was not present to support the forms:

During our review of client files, we noted that out of 30 client files the following client files had incomplete or insufficient documentation:

For two client files, the confidential applications were not properly signed by the authorized agency representative.

For one client file, the parent agreement was not signed by the case worker.

For three client files, there was insufficient supporting documentation for the income eligibility verification.

For two client files, the child care certificates did not have information pertaining to the child care approved schedule. Additionally, for one of the client files, the pay rate to be paid was not stated on the child care certificate.

For two client files, updated child care certificates were not present to support the pay rates that were used to calculate the payment amounts to the service providers.

For one client file, the attendance sheet did not contain the initials of the provider for a child that left to attend school during child care hours. Additionally, the provider incorrectly completed the times for the hours that the child attended school.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 2 – Financial Statement Findings (Continued)

2010-1 Finding – Forms were not completed properly and/or timely or sufficient documentation was not present to support the forms (Continued):

For two client files, the hours of service to be provided on the child care certificate did not coincide with the hours stated on the attendance sheet. Additionally, for one of these client files, we could not recalculate the hours of service provided based on the attendance sheet.

For one client file, the hours stated on the child care certificate were incorrectly calculated.

For one client file, the child care certificate was issued after the effective date.

For one client file, the family income was calculated using bi-weekly pay periods instead of semi-monthly pay periods (the client's eligibility and family fee were not affected by the error.)

Effect:

The County could over/under pay for services if the required forms are not completed properly and timely.

Recommendation:

We recommend that the County's staff review all forms in order to verify that forms are completed properly and timely, to ensure that all required forms/documents are obtained, and to ensure that the service providers are being paid the correct amounts.

Management's Response:

The County agrees with the finding.

2010-2 Finding – Family fee was incorrectly calculated:

During our review of client files, we noted two out of 30 client files that had incorrectly calculated family fees:

For one client file, we noted that a family fee was not assessed for a client that was required to pay a family fee (undercharged family fee of \$17).

For one client file, the family fee was incorrectly calculated (there was no over/undercharging of family fees for the client selected for testing as the client's sibling was assessed with the family fee).

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 2 – Financial Statement Findings (Continued)

2010-2 Finding – Family fee was incorrectly calculated (Continued):

Effect:

The County assessed incorrect family fees which resulted in the County overpaying the respective service provider with Federal/State funds.

Recommendation:

We recommend that the County ensure that all family fees are calculated correctly and are reviewed for accuracy by authorized personnel.

Management's Response:

The County agrees with the finding.

2010-3 Finding – Payment calculations were incorrectly calculated:

During our review of client files, we noted nine out of 30 client files that had incorrect calculations:

For two client files, the attendance sheets were incorrectly calculated. One client's provider was underpaid by 10.48 hours (\$34.59) and the second client's provider was overpaid by 10.5 hours (\$34.65).

For two client files, the child care certificate stated a specified rate, but the providers were paid at a higher rate. Additionally, the rates used exceeded the County's allowable payment rate. One provider was overpaid by \$82.80 and the second provider was overpaid by \$263.07.

For one client file, the child care certificate should have stated a full time daily rate, but the certificate stated an hourly rate. Due to this, the provider was paid at an hourly rate. Based on using the regional market rate ceiling rate of \$36.35 for the full time daily rate, the underpaid amount to the provider could be up to \$147.15.

For one client file, the child care certificate should have stated an hourly rate, but the certificate stated a part time weekly rate. Due to this, the provider was paid at the part time weekly rate. Based on using the regional market rate ceiling rate of \$3.30 per hour, the overpaid amount would be \$107.93.

For three client files, the number (and/or types of week e.g. full time and part time) of weeks of service provided were incorrectly calculated, which resulted in an underpayment of \$46.65, an overpayment of \$20.40, and an underpayment of \$20.40.

Effect:

The County over/under paid for services that were provided by these service providers.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 2 – Financial Statement Findings (Continued)

2010-3 Finding – Payment calculations were incorrectly calculated (Continued):

Recommendation:

We recommend that the County's staff review all payment calculations to ensure that the service providers are paid the correct amount.

Management's Response:

The County agrees with the finding.

Section 3 – Compliance Findings and Questioned Costs

2010-4 Finding – Sufficient subcontractor monitoring documentation was not provided (CLPC-9035):

During our review of the CLPC-9035 contract, we noted that the County subcontracts with a public agency to provide services under the contract, but the County did not complete its subcontract monitoring procedures. An in depth review of the invoices submitted by the public agency for the services provided by the public agency under the subcontract was not performed.

Criteria:

In order to determine that the subcontractor is complying with the performance of services (as stated in Section IV of the Contract Funding Terms and Conditions), monitoring of the subcontractor should be performed by the contractor.

Questioned Cost:

\$149,718 (total subcontract expenses incurred)

Effect:

Sufficient supporting documentation to verify the performance of the services provided by the subcontractor was not provided.

Recommendation:

We recommend that the County perform a review of the invoices for services provided by the subcontractor and retain supporting documentation of the monitoring procedures performed.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 3 – Compliance Findings and Questioned Costs (Continued)

2010-4 Finding – Subcontractor monitoring documentation was not provided (CLPC-9035):

Management's Response:

The County agrees with the finding. The two in-depth invoice reviews were not completed this year. The nature of the contract related to the administration of meetings. The County representative attended all meetings of the planning council, most committee meetings, and quarterly meetings between LPCs and the Department of Education. The County representative saw the monthly invoices from the subcontractor and was usually aware of planned expenditures in advance. In the future, the invoice reviews will be performed. Additionally, the two agenda verifications were completed, but documentation to support agenda verification now cannot be located by the County office to which they were sent. The County representative confirmed that the subcontractor provided the needed services and retained the minute meetings. In the future, copies of the agenda verification will be kept by the County.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 4 – Status of Prior Year Findings

2009-1 Finding – Family fee was incorrectly calculated:

During our review of client files, we noted that seven out of 30 client files had family fees that were calculated incorrectly.

For one of the client files, the family fee was incorrectly calculated because the total hours per day on the attendance sheet was miscalculated for one day, which resulted in an underpayment by the County of \$1.

For two of the client files, the family fee was incorrectly assessed due to an incorrect calculation of the number of childcare service days. This resulted in an overpayment by the County of \$6 and an underpayment of \$18.60.

For one of the client files, the family fee was not paid by parent/caretaker, which resulted in an overpayment by the County of \$40.25.

For one of the client files, the income was incorrectly calculated due to income from tips being excluded from the income calculation. This resulted in an overpayment by the County of \$6.10.

For one of the client files, the income was calculated using a bi-weekly pay period method instead of using the weekly pay period method. There was no change in the family fee calculation.

For one of the client files, the supporting documentation used to arrive at the family income was not available. Therefore, we were unable to verify the family fee and assess if the correct family fee was being charged.

Effect:

The County assessed incorrect family fees which resulted in the County over/under paying the respective service providers with State funds.

Recommendation:

We recommend that the County ensure that all family fee and family income calculations are calculated correctly and are reviewed for accuracy by authorized personnel.

Status:

Not implemented – See Finding 2010-2

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 4 – Status of Prior Year Findings (Continued)

2009-2 Finding – Payment calculation was incorrectly calculated:

During our review of client files, we noted that ten out of 30 client files had incorrect calculations:

For one client file, the service provider was paid at the part time weekly rate for four weeks during the month selected, but for three of the four weeks, the service provider should have been paid at the part time hourly rate. In addition, the total hours per day on the monthly attendance sheet was miscalculated and overstated by 22 hours and 58 minutes for the month selected. Additionally, the \$140 reimbursement rate exceeded the maximum allowed rate of \$133.46. This resulted in an overpayment by the County of \$91.63.

For one client file, the attendance sheet did not agree with the working schedule on the self employment income statement that was submitted. Per the self employment income statement, the parent did not work on a specified date for which the child care service was provided and paid. This resulted in an overpayment by the County of \$29.42.

For one client file, the payment was made at an hourly rate, but the service that was provided should have been at the full time rate. This resulted in an underpayment by the County of \$73.36.

For three client files, the number of weeks of service provided was incorrectly calculated which resulted in an underpayment of \$29.64 and an overpayment of \$29.63. The third service provider was paid correctly based on the correct requested amount.

For one client file, the number of hours on the payment voucher report did not agree with the total hours on the attendance sheet. Additionally, the certificate that authorizes the allowed hours stated that a maximum of 28 hours per week was allowed, but the amount on the payment voucher exceeded this amount. This resulted in an overpayment by the County of \$34.32.

For one client file, a payment was made at a lower rate than the rate that was approved (per the certificate) which resulted in an underpayment by the County of \$1.

For one client file, a payment was made at a lower rate than the rate stated on the certificate (which states the authorized rate to be paid). This resulted in an underpayment by the County of \$66.

For one client file, a payment was made at a weekly rate, but this rate was not supported by the certificate (which states the authorized rate to be paid). The certificate stated a monthly rate but the service provider was paid at a weekly rate. This resulted in an overpayment by the County of \$14.29.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 4 – Status of Prior Year Findings (Continued)

2009-2 Finding – Payment calculation was incorrectly calculated (Continued):

Effect:

The County over/under paid for services that were provided by these service providers.

Recommendation:

We recommend that the County's staff review all payment calculations to verify that the service providers are being paid the correct amount.

Status:

Not implemented – See Finding 2010-3

2009-3 Finding – Forms were not completed properly and/or timely:

During our review of client files, we noted that eight out of 30 client files had forms that were not completed properly and/or timely:

For two client files, the applications were not properly signed by the authorized County representative. In addition, the recertification was performed more than one year after the prior certification.

For one client file, the recertification was performed more than one year after the prior certification.

For one client file, the certificate (which authorizes the services to be provided and the authorized rates of reimbursement) stated only that a part time rate for child care service was authorized, but the completed attendance sheet stated that the service provider worked hours that would fall under the full time rate. The County paid the service provider at the full time rate, but the full time rate was not authorized by the certificate.

For one client file, the pay rates that were used to calculate the payment amount to the service provider were not supported by the child care certificate.

For two client files, the attendance sheet did not contain the time-in and time-out of the child. Therefore, we were unable to verify if the payments were made based on the correct amount of time. Additionally, we could not verify if the additional paid amounts for evenings and weekends were correctly calculated.

For one client file, the parent agreement was not signed by the case worker.

Effect:

The County could over/under pay for services if the required forms are not completed properly and timely.

**COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY**

Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 4 – Status of Prior Year Findings (Continued)

2009-3 Finding – Forms were not completed properly and/or timely (Continued):

Recommendation:

We recommend that the County's staff review all forms in order to verify that all forms are completed properly and timely, to ensure that all required forms are obtained, and to ensure that the service providers are being paid the correct amounts.

Status:

Not implemented – See Finding 2010-1

Compliance Findings and Questioned Costs

No Findings